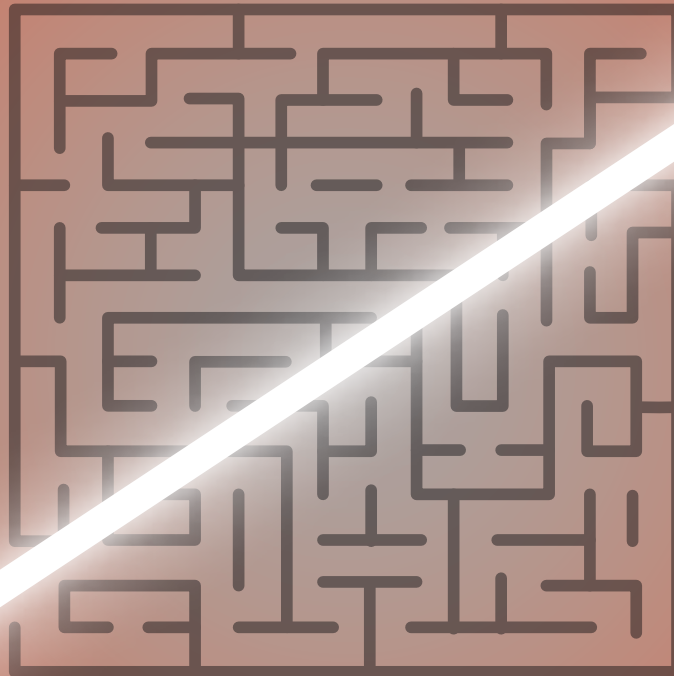




Delivery



Design

Special Report

Written by The Economist Intelligence Unit

Closing the Gap: Designing and Delivering a Strategy that Works

The
Economist

Intelligence
Unit

Design



Delivery



- 1 Acknowledge that strategy delivery is just as important as strategy design.
- 2 Accept that you're accountable for delivering the strategy you designed.
- 3 Dedicate and mobilize the right resources.
- 4 Leverage insight on customers and competitors.
- 5 Be bold, stay focused and keep it as simple as possible.
- 6 Promote team engagement and effective cross-business cooperation.
- 7 Demonstrate bias toward decision-making and own the decisions you make.
- 8 Check ongoing initiatives before committing to new ones.
- 9 Develop robust plans but allow for missteps – fail fast to learn fast.
- 10 Celebrate success and recognize those who have done good work.



Preface



*Mind the gap:
What it takes to
design and deliver
strategies that work*

The question doesn't change, and neither does the answer. Why do so many organizations fail to meet all their objectives? They fall short because they lack the implementation capabilities that turn powerful strategies into results.

Year after year, we hear from senior executives who confess that breakdowns in implementation prevent them from achieving their strategic goals. Those same executives also admit that the C-suite does not give implementation the attention and priority it deserves, yet they seem to think that their implementation capabilities are ahead of those of their peers. It's hard to reconcile those two statements.

To learn more about what is holding companies back from implementation excellence, The Economist Intelligence Unit (EIU) recently surveyed 500 senior corporate executives – half of them in the C-suite – and supplemented their responses with interviews with 13 corporate leaders and academic experts. The study's findings reinforce two key beliefs that drive the mission of the Brightline Initiative:

- the gap between strategy design and strategy delivery is wide, and may be growing wider
- those organizations that master the full array of implementation capabilities achieve their strategic objectives more frequently and deliver stronger financial performance than their less capable peers

There is much we can learn from that elite group of high-performing organizations. For one, their record of results confirms the vital importance of senior-level buy-in and support. When senior corporate leaders demonstrate a visible and consistent commitment to building implementation muscle, their organizations take notice and respond accordingly.

Cross-functional collaboration is another game-changer. When companies put their strategy designers and deliverers in the same room and motivate them to work as one, they dramatically boost their strategic success rate.

And finally, winning organizations are nimble and flexible. When companies can adapt both their strategy and its execution in response to changing conditions – such as evolving customer needs, new market entrants, or shifting cost structures – they can thrive on disruption while others lose their balance.

We hope you find this study useful as you work to build your organization's implementation muscle. The findings remind us what is possible when effective, energetic execution complements first-class strategy design. Today, the line connecting strategy design and implementation is blurred. Let's replace it with a bright line!

A handwritten signature in black ink that reads "Ricardo Viana Vargas". The signature is written in a cursive, flowing style.

Ricardo Viana Vargas
Executive Director
Brightline Initiative

Executive summary

About the research

A total of 500 senior executives participated in our survey, conducted in June and July 2017. Respondents all work for large companies: 48% have annual global revenues of \$1 billion to \$5 billion; 39% of \$5 billion to \$10 billion; and the remaining 13% of more than \$10 billion.

The survey sample is also senior, with half of respondents C-level or above and the other half consisting of senior and executive VPs, directors, and heads of business units and departments. Companies surveyed are geographically diverse, with 30% each from North America, Europe and Asia-Pacific and the remainder from the rest of the world. Finally, respondents come from a wide range of industries, with IT (10%), financial services (9%) and manufacturing (8%) the most commonly represented.

The analysis in this report and other output from this project also draw on the insights of interviews with 13 corporate leaders and academic experts, as well as extensive desk research.



Download the report including all charts at

www.brightline.org/eiu_report

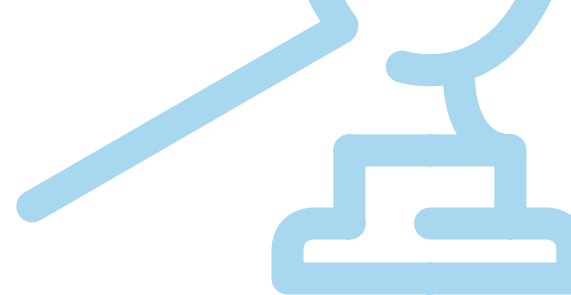
Strategy has little value until it is implemented. In a world where disruption can happen overnight, moving rapidly from strategy design to delivery is critical. Yet too many companies go only halfway, putting their best resources into design and in effect ending up treating delivery as an after thought. As a result, strategies fail, customers leave, key talent is lost and financial performance suffers.

To understand why many organizations fail to bridge the gap between strategy design and delivery, The Economist Intelligence Unit (EIU), sponsored by the Brightline Initiative, undertook a global multi-sector survey of 500 senior executives from companies with annual revenues of \$1 billion or more. Their responses confirm that implementation shortfalls are widespread and corrosive: 90% of respondents admit that they fail to reach all their strategic goals because they don't implement well, and 53% agree that inadequate delivery capability leaves them unnecessarily exposed to competitors (see the sidebar, "About the Research").

Yet many C-suite executives struggle with how to bridge the gap between strategy development and implementation. This EIU study, ***Closing the gap: Designing and delivering a strategy that works***, draws on the survey and additional in-depth interviews with 13 corporate leaders and academic experts. The survey findings identify a group of companies—classified as Leaders—that report they fare best at achieving their strategic objectives.

The report highlights the problems businesses face in closing the gap between strategy design and delivery and suggests ways that companies can solve them. Its key findings include the following:

- **Most companies struggle to bridge the gap.** 59% of survey respondents admit that their organizations "often struggle to bridge the gap between strategy development



and its practical, day-to-day implementation". On average, organizations fail to meet 20% of their strategic objectives because of poor implementation. No single barrier to success dominates the survey's responses, and simple solutions to improve performance are not obvious.

- **Yet bridging the gap is possible and the rewards are substantial.** A small group, just one in 10, of survey respondents—the Leaders—report that failures in strategy delivery at their organizations, if they exist, did not impede achievement of any strategic goals over the last three years. These companies also significantly outperformed their rivals financially.
- **For the Leaders, strategy design and delivery form a continuum, allowing both to evolve as conditions require.** At these companies, strategy developers understand the challenges of implementation and the need for a capable and comprehensive delivery approach. Information on the strategy itself and the progress of implementation efforts—including their impact on customers and markets—flows in a continuous feedback loop across these organizations.
- **Leaders continually monitor their external environment and update both strategy and delivery as new information emerges.** Although most survey respondents track trends happening around them, Leaders differentiate themselves in using that information to modify strategy delivery. In particular, Leaders engage those outside the formal boundaries of the company—especially customers and business partners—to help them reach their strategic goals.
- **Leaders balance clear direction with responsiveness.** The best companies combine a dynamic and flexible delivery capability with long-term vision. They are adept at moving quickly to make necessary changes while avoiding short-term distractions and overreaction to transient shifts in the environment.



1

Introduction: “All you’re doing is developing documents”

“A strategy might look good on a PowerPoint slide but it is only as good as its execution,” says Peter Toth, Global Head of Strategy at Rio Tinto, a UK-headquartered global mining company. “That’s where the rubber hits the road.”

Adds Bob Collymore, CEO of East African telecoms company Safaricom: “If you don’t get implementation right, all you are doing is developing documents.”

Most senior executives recognize that strategy delivery is as important as design. Yet a surprisingly large minority do not appreciate the crucial role of delivery in ensuring a strategy delivers financial performance. Indeed, just two-thirds of survey respondents agree that “our organization’s financial performance is closely linked to our ability to implement our strategy.”

Most companies have a hard time delivering the strategy they designed—with significant consequences:

- 59% agree with the statement, “We often struggle to bridge the gap between strategy development and its practical, day-to-day implementation,” with fewer than one in seven disagreeing.
- The average organization fails to hit 20% of its strategic objectives through poor or incomplete strategy implementation.
- More than half (53%) say that their weakness in delivering their strategy puts them at a competitive disadvantage. Only 17% see no effect.

Despite the general recognition of the crucial contribution of implementation to organizational success, senior executives frequently do not see its inherent strategic value. Sixty-two percent of respondents admit that implementation is seen as an operational task (as opposed to a strategic one). “There is often an assumption,” says Michael Hitt -- University Distinguished Professor Emeritus at Texas A&M University and Distinguished Research Fellow at Texas Christian University – “that if we design a great strategy, employees should execute it.”



1.1 Strategy execution: managing complexity



Closing the gap is difficult because there is no single, predominant challenge. Instead, as Exhibits 1 and 2 below illustrate, a wide variety of issues, in combinations unique to each organization, demand almost equal attention. In other words, strategy delivery entails aligning efforts to address multiple obstacles.

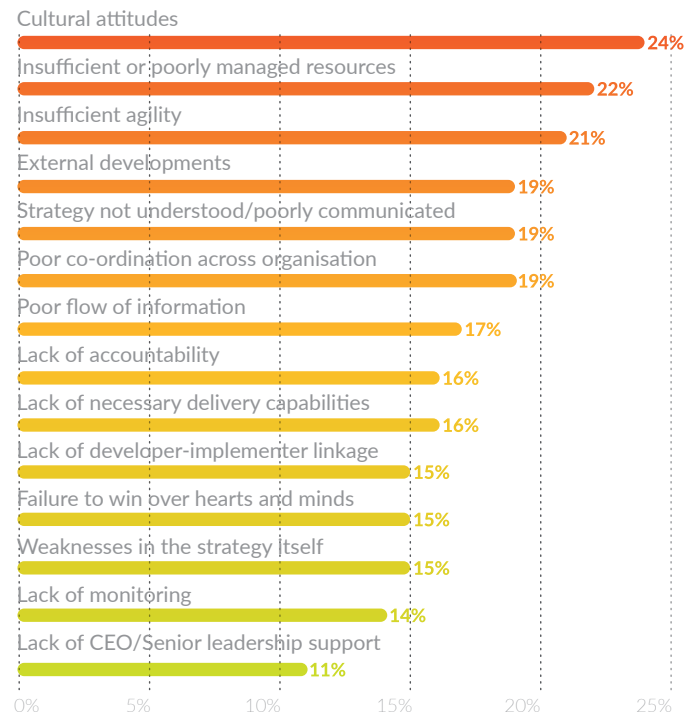


Exhibit 1. Leading barriers to successful strategy implementation

HSBC Group Head of Strategy Daniel Klier agrees, adding that a strategy's objectives may involve balancing seemingly disparate elements: "The biggest challenge over the last few years for us was that we asked people to do things that seemed conflicting, such as to grow and to take out costs. It is easy to understand at the top, but on the front line these different priorities become confusing."

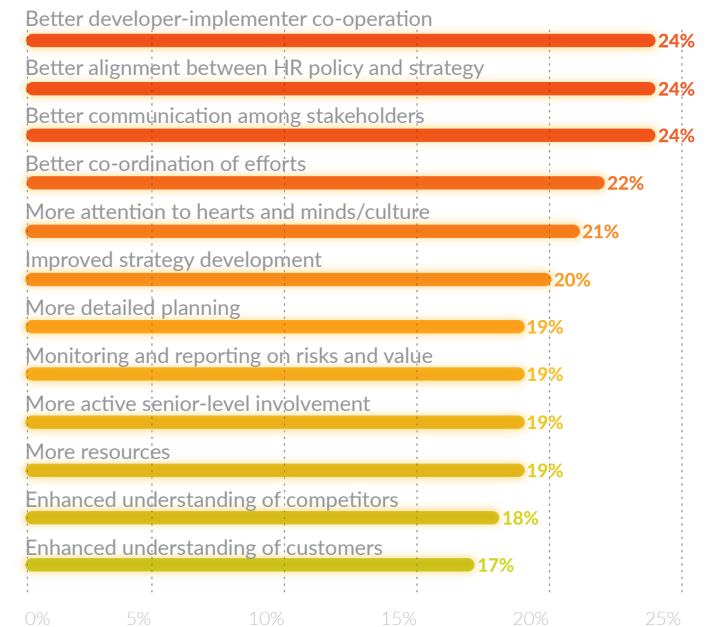


Exhibit 2. Where would improvement be most helpful to bridge the gap between strategy development and implementation?

1.2 Even the best can't sleep

Hilton Romanski, CSO of Cisco, a US-headquartered multinational technology company, adds that the complexity inherent in strategy implementation arises in part because companies are heading from a comfortable known to an uncomfortable but necessary unknown. "A lot of mature companies have business models that have been optimised for a certain set of circumstances," he explains. But when circumstances change, the business model must shift as well. The resulting strategy might require new incentive structures, different people, and even finding out if "there is a new operating model you can get your arms around," Mr. Romanski says. Efforts to deliver so much, almost simultaneously, can falter for any number of the reasons listed in Exhibit 1.

The complexity of implementation is daunting even for those who face it head-on. Benoit Claveranne, Group Chief Transformation Officer at a French-based multinational insurer AXA, admits that "how you go from strategy to implementation is the question that keeps us awake at night on the leadership team."

To look for answers to this complex problem, this study starts with what companies achieve. We reveal best practices by examining enterprises that successfully connect strategy design and delivery to achieve their strategic objectives. These organizations constitute the Leaders group, described in the sidebar at right.

Leaders get results

Leaders are that small cadre of companies that outshine their peers at achieving their goals. They're the club that everyone wants to join. By isolating the Leaders and comparing what they do with what others do, this report aims to show what sets them apart.

In our survey, we ask what proportion of strategic goals respondents' companies *failed* to reach over the previous three years because of flawed or incomplete strategy delivery. For 10% of the sample this figure is zero (Exhibit 3). These companies, in other words, did not miss meeting their objectives because of flawed implementation.

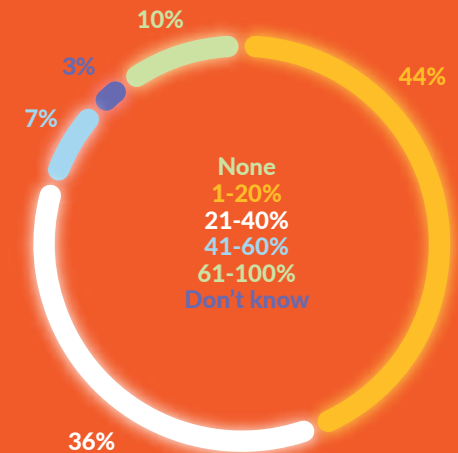
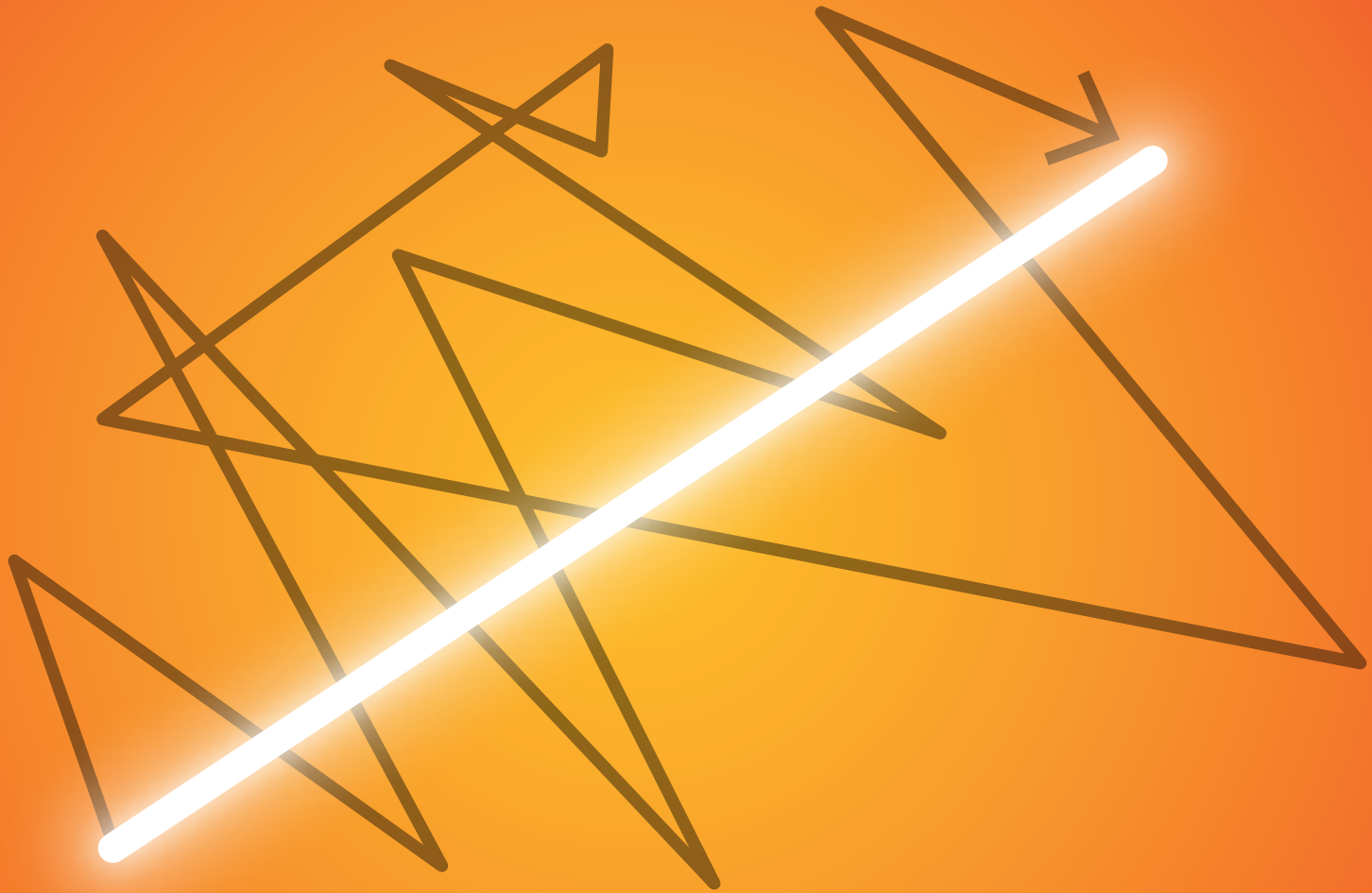


Exhibit 3. Over the last three years, what proportion of your organization's strategic objectives was not met due to flawed or incomplete implementation?



2

Designing for delivery

“At Leaders, those who design and those who deliver work together.”

“Strategy is seldom developed by people who have been in the trenches,” says Safaricom’s Mr. Collymore. In other words, there is a gap, if not a gulf, between the C-suite and operations. This disconnect can kill any hope of successful delivery.

Two-thirds (65%) of the companies surveyed say that strategy falls short because of a failure to understand the company, its market environment and its ability to execute. At the same time, the single most-cited improvement that would make delivery more effective (24%) is co-ordinating those who design strategy and those who deliver it.

The Leaders are better at co-ordinating the two groups. In particular, they design for delivery, that is, they more often say that designers understand delivery challenges and consider them in their plans (See Exhibit 4). Such insight is fundamental for success says Prabhakar Ghatage, the general manager of the Strategy Deployment Practice in the Tata Business Excellence Group: “Some businesses continuously do exceptionally well on strategy. Their secret sauce is that they have thought through ‘How will we get there?’”

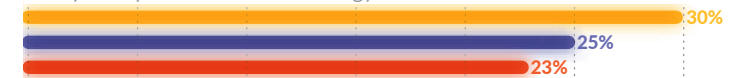
Those involved in strategy development are also actively involved in oversight of implementation



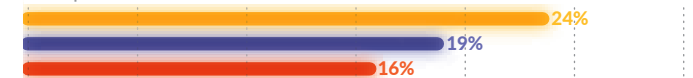
Those responsible for strategy development and those responsible for strategy implementation collaborate effectively



Strategy development involves careful consideration of our organization's ability to implement the final strategy



Those responsible for strategy development are aware of the challenges of implementation



0% 5% 10% 15% 20% 25% 30%

Leaders
Middle Performers
Worst Performers

Exhibit 4. Proportion completely agreeing with the following



2.1 Strategy: A living thing that adapts

Developing a strategy that addresses delivery challenges is, however, only the first step toward linking design and delivery. “Strategy is, by and large, a team sport. If you don’t play as a team, it will be impossible to win [the game],” explains Cisco’s Mr. Romanski.

Here again the Leaders are ahead. They’re much more likely than the worst performers to agree strongly that:

- Those who develop and those who deliver strategy collaborate effectively; and
- The designers actively engage in the implementation process.

Executives at the top are clear on the importance of tight interaction between designers and deliverers. “The CEO must participate in [strategy] execution, not just preside over it,” says Joe Jimenez, CEO of the Swiss-based drug company Novartis.

Collaborating to deliver a strategy precisely as it’s drawn up, however, rarely works. “The idea that you set out a plan and stick to it is a misconception,” says Donald Sull, Senior Lecturer at the MIT Sloan School of Management “It leads to the view that any local initiative is a deviation from the plan.”

In fact, locally driven deviations are needed to hit the bigger strategic goal. Conditions change. No executive understands the situation on the ground perfectly. “Planning and implementation are mentally conceived of as separate fields,” says Mr. Ghatage. “But they are actually a continuum and not distinct.”

The continuum is apparent at Microsoft, where strategy is “kind of a living thing. It doesn’t come from the CEO saying, ‘this is where we will head,’ but from synthesis and analysis every day,” says Kurt DelBene, Microsoft’s Chief Digital Officer & EVP for corporate strategy, core services, engineering and operations.

“At any time, you need to believe you have the best strategy. But you are always looking to see ‘Does the data say this is the correct approach?’ If not, you refine the strategy. It constantly evolves,” says Mr. DelBene. Strategy groups that used to hand down a plan now try to help people across the company contribute to the evolution of strategy.

Similarly, notes David Kamenetzky, Chief Strategy & External Affairs Officer at brewer Anheuser-Busch InBev, “*De facto*, you need to let strategy evolve dynamically. It doesn’t make sense to have a three-year plan and, if you realize after one year you have achieved 70% of what you want to do, to put your feet up.” Accordingly, AB InBev reviews and revises strategy against performance every year. Mr. Kamenetzky adds that “a lot of strategy is about communication and being able to adjust.”

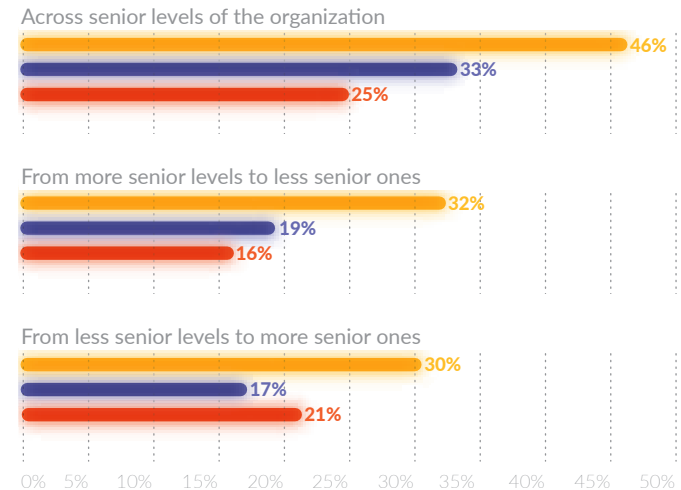
Adopting a fluid and dynamic approach to strategy and its delivery isn’t revolutionary. Instead it represents the recognition of how strategy and delivery work in the real world. Says Professor Sull: “It is true there is a thing called a ‘strategy.’ But what that means evolves as circumstances change.”

2.2 Interaction and information: The lifeblood of strategy

Communication up, down and across the company is essential for strategic evolution. Not surprisingly, the Leaders are much more likely to report that the two-way flow of information between top executives and people lower in the organization is very effective. (See Exhibit 5.)

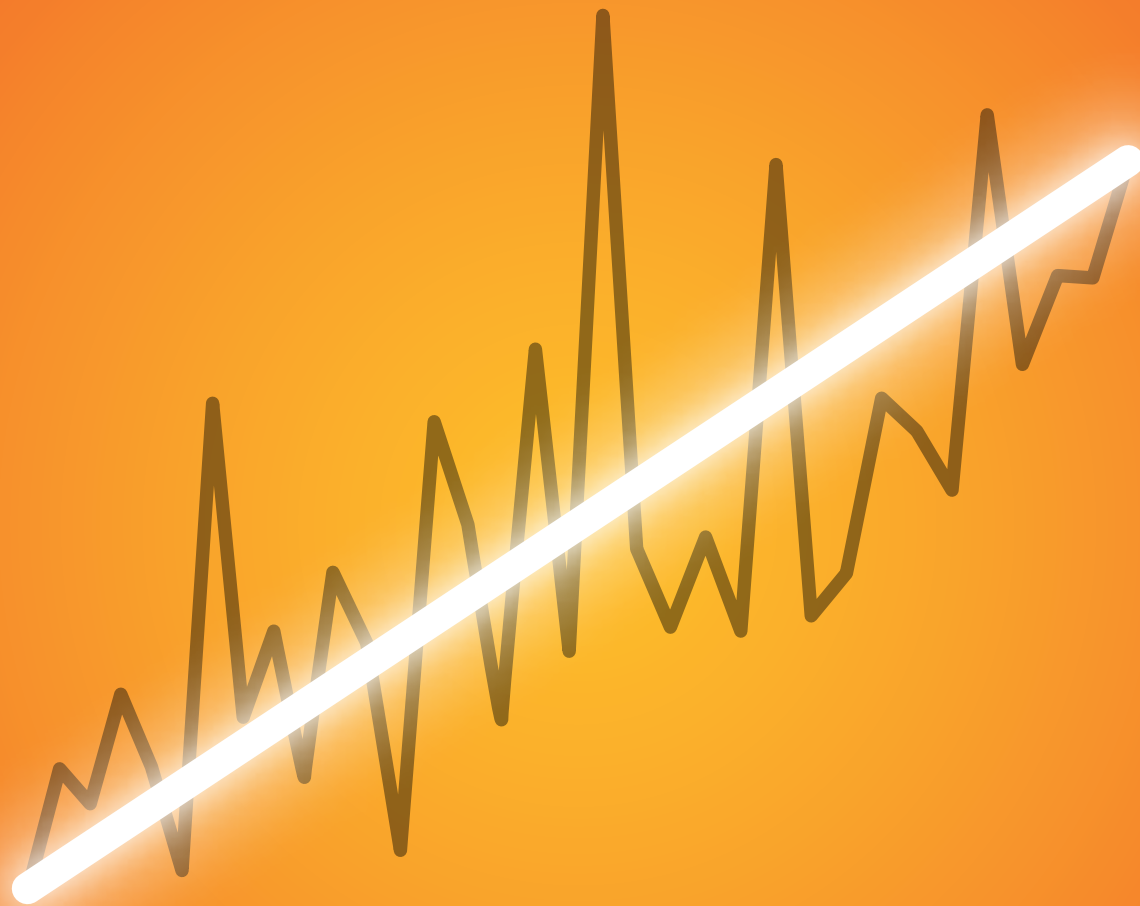
Vertical communication within the business cannot fall into the trap of flowing one way—from the top, adds AB InBev’s Mr. Kamenetzky. It is actually about tapping expertise throughout the organization. “You have to do a certain element of consultation and even co-creation,” he says. “It is about making sure the strategy is and remains right. Often people with operational experience, if you make them part of the strategic conversation, give good insights in how to drive things the right way.”

The Leaders are even further ahead of others in maintaining better communication across senior levels of the company. This, too, is essential. AXA’s Mr. Claveranne explains: “Business transformation, in its very essence, cuts across the departments of the organization.” That means department heads must interact and collaborate with their peers rather than remain within the walls of their fiefdoms. To succeed, companies need to break down silos to access the expertise of all.



Leaders
Middle Performers
Worst Performers

Exhibit 5. Percentage reporting very effective flow of information needed for strategy delivery in following directions



3

Joining the reality-based community

“One risk we all have is that, at some point, you forget about reality and the market,” says AXA’s Mr. Claveranne. “You think just about your own plan, and you start living in your new reality.”

The external world has a way of intruding. “An inward-looking strategy works only when the business environment is static, where the success factors of the past are those of the future,” says Thomas Sedran, chief strategy officer of Volkswagen Group. “This is not the case in our industry anymore.” Nor, he might add, in any industry.

The survey shows that, among other external factors, around half of companies believe competitor and customer changes greatly impeded delivery of their last major strategy. Seven out of ten respondents say that at least one of these was a factor. (See Exhibit 6.) As Mr. Ghatage, of Tata, puts it, every strategy faces the problem that “The business environment is very fluid. Reference points change. New issues emerge that need to be addressed and old ones, on which the strategy was built, are not a priority anymore.”

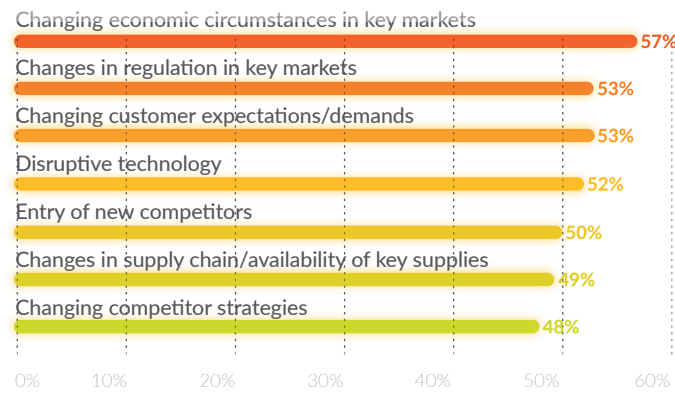


Exhibit 6. For your last major strategic change, to what extent did the following impede implementation? (Proportion answering completely or a great deal)



Many companies find that looking outward and adjusting to constantly changing inputs while simultaneously pursuing difficult goals is a challenge. Microsoft’s Mr. DelBene says that getting the mix of inward and external focus needed during strategy delivery “is one of the hardest things to balance. Any global company has to wrestle with being too inwardly focused.”

For most businesses, the problem is not lack of monitoring. A majority track a range of customer and competitor information with the aim of using it in strategy delivery. (See Exhibit 7.) This activity is so common that there is no discernible difference between Leaders and other companies here.

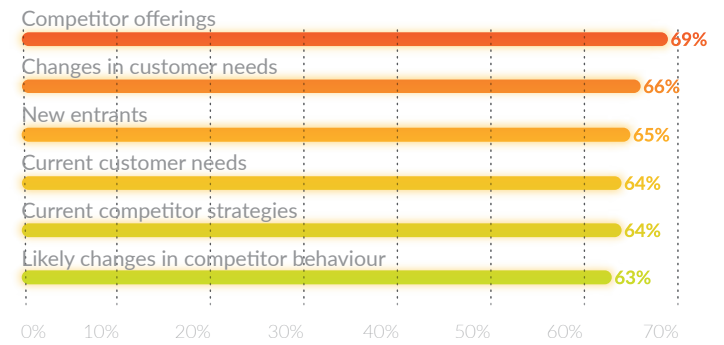
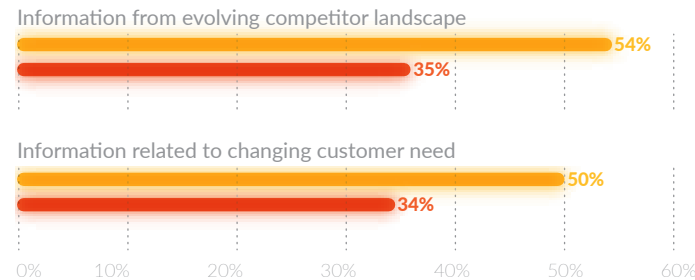


Exhibit 7. Proportion reporting that they monitor the following information a very great or great deal to adjust strategy implementation

3.1 Getting intelligence to those who can do something about it

What sets Leaders apart is an ability to get useful information to those who can act on it. More than half of Leaders (54%) say that their organization can provide “effective feedback to allow those implementing strategy to take into account information from the evolving competitor landscape,” compared with 35% of other respondents. Similarly, 50% of Leaders say they collect and effectively distribute information on changing customer needs, compared with 34% of respondents from others (See Exhibit 8). As Safaricom CEO Mr. Collymore puts it, “You need to be able to ask for and receive feedback from the street where changes are happening.”

The ability to provide effective feedback correlates with better delivery. At all surveyed companies with the ability to integrate both customer and competitor information back into strategy implementation, the average number of strategic goals missed in the last three years due to faulty strategy delivery was 15%. For other businesses, it was 21%, or two-fifths higher.



Leaders
Others

Exhibit 8. Does your organization have effective feedback loops allowing those implementing strategy to take into account the following?

3.2 Leaders engage their ecosystem in strategy development and delivery

Monitoring changes in the business environment isn't enough. In a world whose only constant is disruption, it is essential to actively engage with those outside the company. Cisco's Mr. Romanski notes that "disruption is something you should embrace. By definition, it comes from the outside. If you are not engaged with the outside, you will miss transitions."

Such engagement begins with the company's most important external stakeholders—customers. "Obsessing about the customer" keeps strategy delivery from drifting away from reality, Mr. DelBene of Microsoft explains. Similarly, Novartis's Mr. Jimenez says that a consistent focus on customers (and in Novartis's case, patients) facilitates co-ordination across large organizations. "As long as all elements [of the strategy] keep the patient at the forefront, the implementation projects will complement each other," he says.

Volkswagen Group's Mr. Sedran notes that the company must satisfy consumers who want car-sharing and to own electric vehicles. "To believe you can master that [shift] looking at your chalkboard is an illusion," he says. Working with those beyond the traditional confines of the organization, or even bringing them inside through investment, he insists, is essential to strategy delivery. And it is likely to grow in importance.

The list of necessary partners evolves in response to external change. "Our ecosystem will be more complex," says Mr. Sedran. "Historically, we've always talked to some suppliers and dealers [when delivering strategy]. Now there will be more partners. Urban communities, for example, will become customers of mobility providers. We need to learn to work with them, too."

AXA's Mr. Claveranne cites an example of how partnerships proved essential to delivering key elements of the company's



digitization strategy. AXA is about to roll out a global private cloud covering the entire company footprint. "It is a major pioneering move, unique in the insurance and French industry," he says.

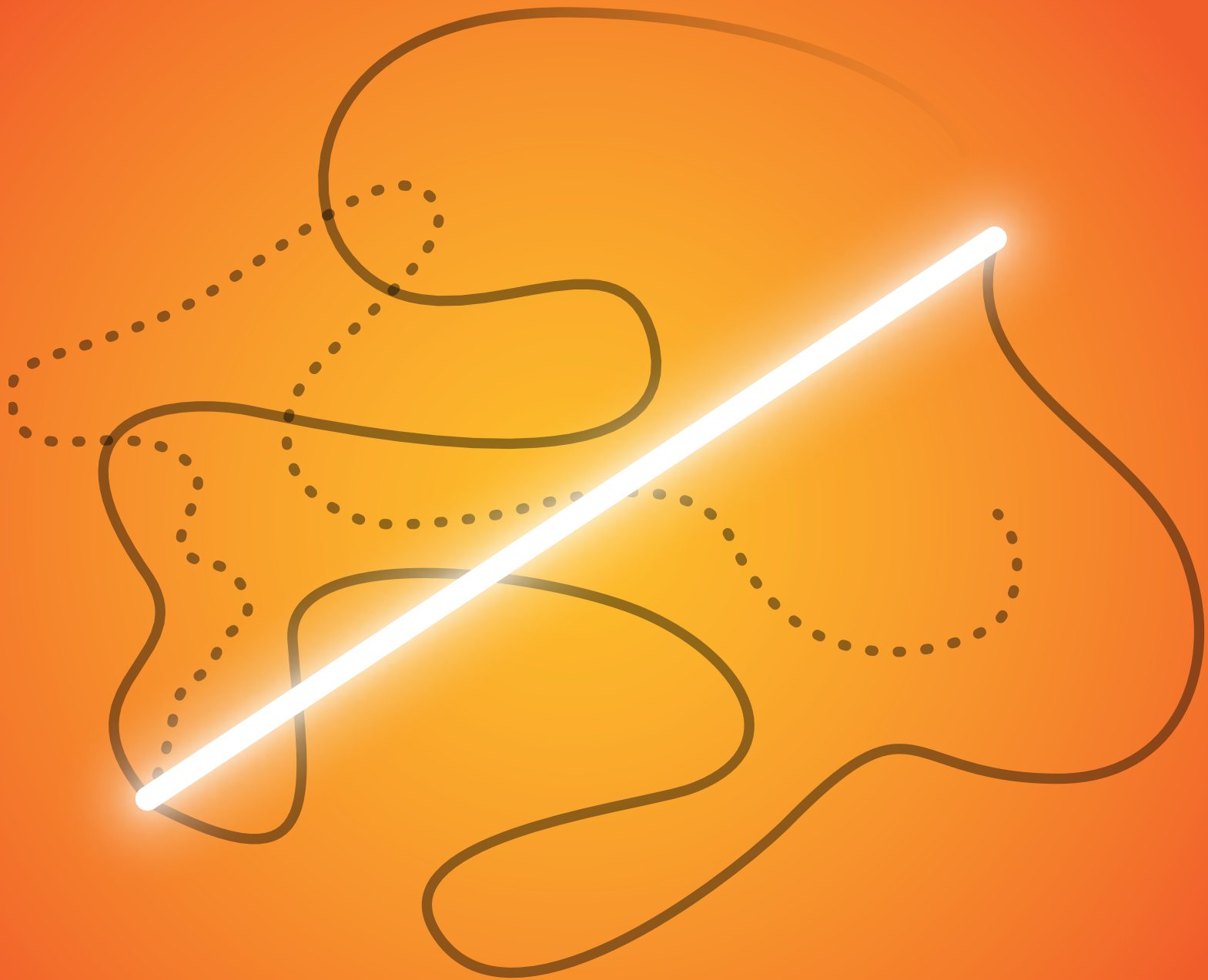
Two prior digitization efforts failed because AXA kept to its long tradition of developing everything on its own. Company executives accepted that "this time it was different, and that we had to rely on others," says Mr. Claveranne. "That's a simple example, but shows how we have to do things differently if we want to be successful."

Other companies have created formal structures to integrate stakeholders into strategy delivery. Ralf Busche, senior vice president for global supply chain strategy and performance at chemical company BASF, says that "for the implementation of a [supply chain] strategy, we work with all major partners, such as our colleagues in the other divisions, functions, and regions, as well as our customers and suppliers. We aim to mirror the overall supply chain."

There's a lesson there for companies in any industry. A company is "a complex adaptive system that looks like a network, not a traditional org chart," says Professor Sull. "Some of the most important nodes for executing strategy lie outside the formal boundaries of the firm; others are inside and others straddle the two. In the real world, you have to do the same things to manage execution with external partners as you do internally."

AXA's Mr. Claveranne agrees: "The days when you would see yourself in a castle with thick walls protecting you from the outside world, and you would be happy within those walls, are over."





4

Leaders act fast— with discipline

Leaders can act fast. They're more likely than others to be capable of adjusting quickly in light of new threats and opportunities, as well as to promptly shift human and financial resources among delivery activities. (See Exhibit 9.)

Says Mr. Claveranne: "A good understanding of the local reality gives you the ability to react fast, to put people on the job. Without this you cannot succeed." Rio Tinto's Mr. Toth agrees. In natural resources, he notes, "the external environment—including geopolitical as well as commodity-specific supply/demand issues—is incredibly dynamic and complex. To develop a mine, for example, we need to be able to have a view on prices five to ten years from now. This is not possible unless the company is completely tuned into its external environment and is nimble in its execution."

Like every company in the survey, the Leaders have annual revenues of \$1 billion or more. They can't and shouldn't try to remodel themselves into start-ups. Instead, Leaders find ways to become nimble while drawing on the resources they have as larger companies.

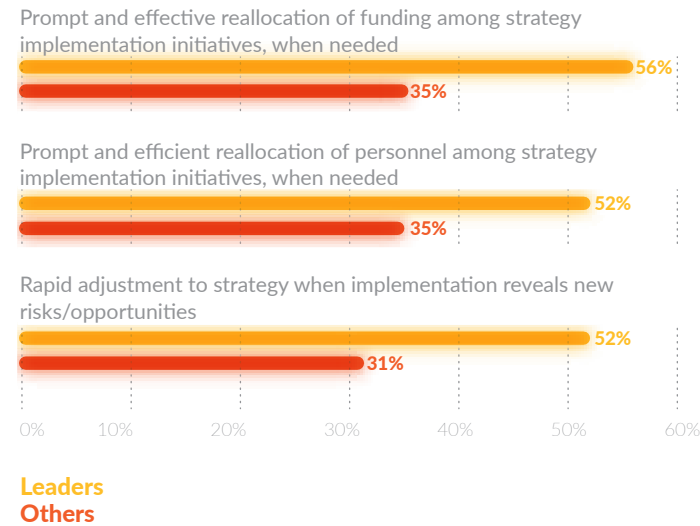


Exhibit 9. Is your organization able to provide the following?

4.1 Don't be bound by existing structures

"In a large organization," says HSBC's Mr. Klier, "you need formal structures, but to accelerate strategy implementation you need ways to bypass them. It means having different people in discussions than those usually at the top table, and being willing to have difficult discussions." A parallel organization within the company, an organization working alongside the main operational units, can sometimes provide the needed flexibility, he adds. Organizations that have a nimble delivery capability with a broad base of skills and expertise can address emerging challenges quickly.

Different functions will find different ways to deliver. At Volkswagen Group, the businesses that create new vehicles face different challenges from those finding ways to adapt to disruptions around ownership preferences in the mobility sector. The solution, says Mr. Sedran, is not a single template, but "a two-speed organization," using agile approaches as one tool among others. (See the sidebar, "Volkswagen: One strategy, two approaches".)

4.2 Keep your eyes on the prize

Reacting disproportionately and too quickly to short-term fluctuations, however, negates the value of having a strategy in the first place. "The short term is a bad focus when dealing with strategy generally," warns Professor Hitt, "but you can't just ignore what is going on around you. There has to be balanced."

Mr. Klier agrees: "You need to let those on the ground challenge what we are doing. At the same time, you can't let the market distract you. It is very easy to look around the world and say, 'Now my strategy is no longer valid.'" Even the best strategy, he concludes, is likely to see some wobbles in its delivery. It is a question, he says, of "achieving the right tension."

Adds Safaricom's Mr. Collymore: "[Strategy] is a living thing you modify as you get new inputs, rather like the captain of a sailboat takes the direction of the wind into consideration every second. You know where you want to go, but you can't afford to fall asleep in the boat."



Volkswagen: One strategy, two approaches

Under the company's new group strategy called TOGETHER – Strategy 2025, Volkswagen Group aspires to become “a world-leading provider of sustainable mobility” within the next decade. The company will transform itself more than during any previous period in its history. It will develop smart electric vehicles, ride-sharing and ride-pooling initiatives, and shuttle-on-demand services, while it continues to produce its traditional core offering, cars with internal combustion engines.

How can an organization with many moving parts work together? “Uncoordinated activities put at risk the overall programme,” Mr. Sedran notes. Accordingly, each of Volkswagen's brands and sections created a strategy consistent with the overarching goals of TOGETHER – Strategy 2025.

To preserve synergies, “certain engineering activities go on in all the brands, so a joint work group staffed with people from each makes sure we do not do redundant work,” he says. The company did the same with several group functions where it could achieve significant synergies, such as manufacturing and engineering.

These efforts can go only so far because of the diverse ambitions of TOGETHER – Strategy 2025 itself. Part of the company is doing something very similar to what it has long done: designing and building vehicles. “Other activities,” Mr. Sedran says, “like mobility as a service,” have more in common with a start-up than with a traditional car manufacturer. “We have carved these out into a separate business unit.” The result is a kind of hybrid.

Mr. Sedran believes that the company as a whole now holds a common strategic vision, but the pursuit of TOGETHER – Strategy 2025's goals will differ among business units. “It requires a two-speed organization,” he says. “One part goes with proven [if sometimes slower] processes that lead to reliable products. This is necessary for those developing vehicles because delivering an unsafe one can cost you the company. For the other part, where you need to be much quicker, but where the impact of a failure is less severe, you need to be agile and have different planning and execution processes.”

The key to holding the two together, Mr. Sedran says, is leadership. “The guys at the top need to demonstrate respect for the different types of activities.” He notes, for example, that at one point the focus on electric vehicles alienated those working on internal combustion engines. This is the heart of the company: Even ten years out, three-quarters of Volkswagen's vehicles will use traditional fuels. Messaging needs to recognize everyone's current and future importance.

Not every part of the company can reach the same goals in the same way: some parts need agility, others need the valuable discipline of established processes. The key is that those in charge of strategy implementation keep everyone headed towards a common destination.





5

Conclusion: The traits of a Leader

Many companies struggle to close the gap between strategy design and delivery. The task of forging strong links between design and delivery is complex and requires enormous commitment from leadership. Too often, however, senior leaders do not think of delivery as strategic.

The Leaders set themselves apart in the following ways:

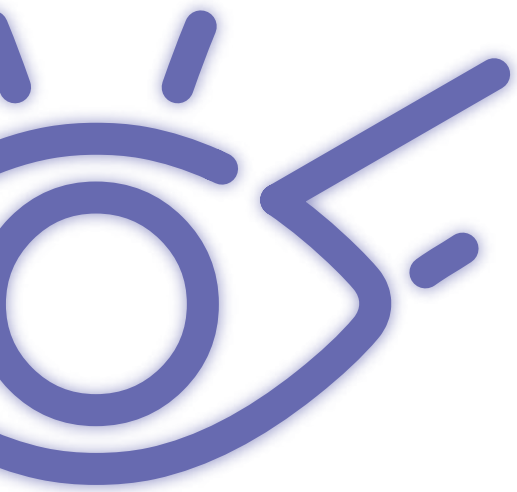
- **Strategy delivery and design are an interconnected continuum of activities, not distinct areas of disparate importance:** Strategy should not be a two-step process, where one team creates a plan and another implements it with little interaction between the two. At Leaders, interaction between those implementing strategy and those responsible for designing it leads to an ongoing evolution of the strategy itself as well as to program delivery approaches that are most effective for putting it in practice. These interactions are among the key behaviors that Leaders should work to instill across the organization as they build strategy-delivery capabilities.
- **Strategy delivery involves looking beyond company walls.** The market changes fast. Without constant checks against what customers want and what competitors are doing, any strategy is doomed. The Leaders do more than monitor what happens outside the company; they get these insights to the people who matter, who can adjust strategy and its implementation. Outside stakeholders, including consumers and suppliers, can and should be harnessed as active partners in strategy delivery.
- **Strategy delivery balances responsiveness and long-term vision.** Leading companies create a dynamic and agile delivery system, moving quickly to adjust strategy and implementation to exploit changing opportunities and risks. Start-ups pride themselves on “failing fast”; the same can and should apply to large companies implementing new

strategies. Discuss challenges openly and adjust plans as needed. Learn to reward sensible failure, or at least accept it as valuable input. At the same time, keep an end-goal in sight, so that your organization isn't knocked off track by overreacting to short-term developments.

Underlying these practical approaches are two important concepts. One is the idea that companies are not hierarchies in which orders from the top are handed down through the ranks, but complex networks in which strategy delivery is “guided from the corporate level but allows key activities to emerge from these teams,” says Professor Sull. “Many executives think you set strategy at the top, you divide it up into chunks, and you reward people for achieving their chunks and punish them if they don't. That widespread view is just fundamentally wrong-headed.”

The second is overemphasizing the strategic plan itself. The experience of delivery improves a strategy, says Professor Hitt. Implementation reveals an organization's strengths and weaknesses. A solid, if imperfect, strategy that the organization learns from can be more useful than an endlessly polished one handed down from above.

Both these thoughts point to the same pressing need. Delivery isn't a separate activity from strategy development. It's an essential part of the strategy process that leaders need to consider and address as part of the strategy, rather than as an afterthought to a master plan.



What is *Brightline?*

Design

Delivery

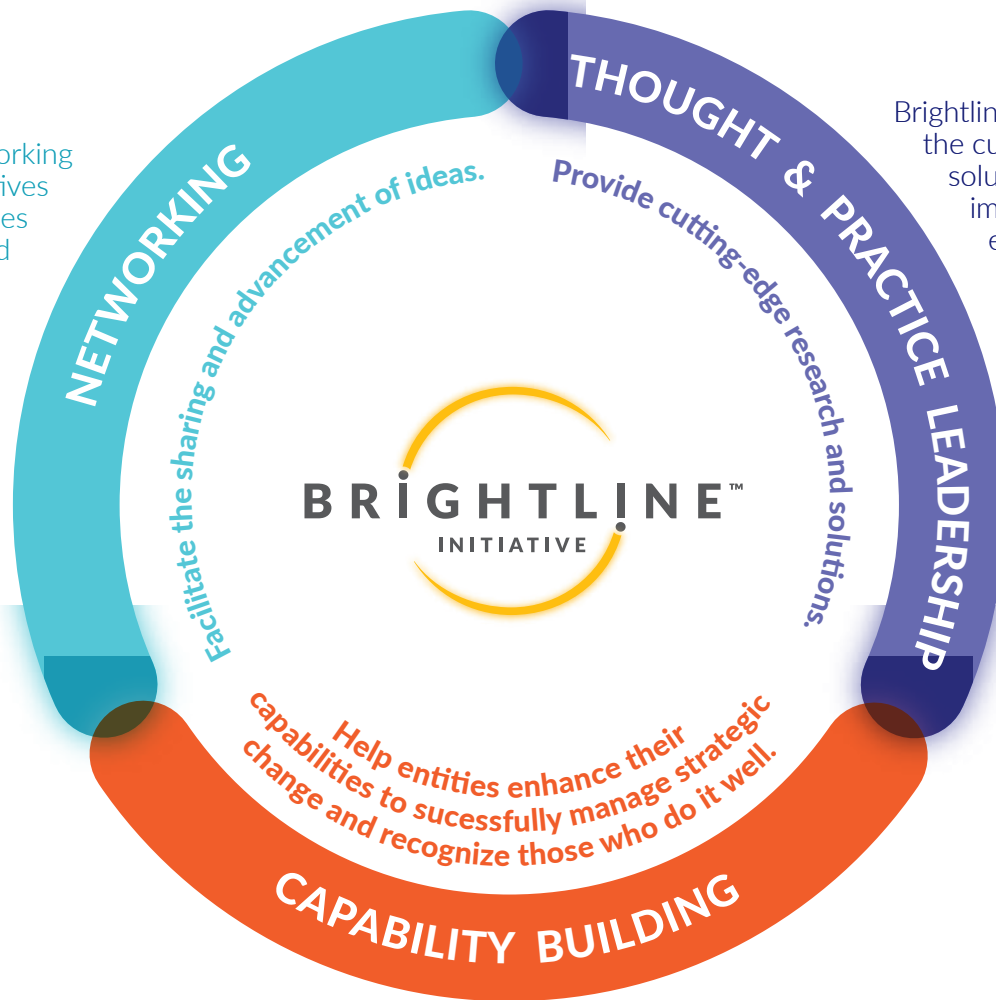
The **Brightline™ Initiative** is a non commercial coalition of leading global organizations dedicated to helping executives bridge the expensive and unproductive gap between strategy design and delivery. Brightline conducts thought leadership research and promotes best practices designed to improve an organization's ability to deliver on strategic intent.

The Brightline™ Initiative will ultimately deliver insights and solutions that empower leaders to successfully transform their organization's vision into reality through strategic initiative management. Any professional who is responsible for the results or management of strategy delivery within their organization will benefit from Brightline.



BRIGHTLINE SUPPORTS

Through networking opportunities, executives can exchange experiences and advance ideas and practices related to strategic initiative management.



Brightline will give organizations the cutting-edge research and solutions they need to better implement their strategy. The emphasis on 'practice' in addition to 'thought' complements the Brightline Initiative's focus on bridging the gap between formulating a strategy and delivering it. 'Practice Leadership' may include tools such as frameworks and assessments that support executives in delivering the strategy.

Through capability building offerings – such as resource libraries, executive education programs, assessments and certifications, and publications – organizations will have the chance to further develop knowledge and expertise.



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